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Ethical People Management in Asia-Pacific: The case of Japanese firms operating in China



Prof. Keikoh Ryu, Keio Business School, shares research showing that successful cross-border people management depends less on exporting corporate rules and more on aligning ethical systems with local employee expectations and culture.

Related research: Ryu, K. (2017). Theoretical research on organizational ethical climate: applications and practices of Japanese enterprises in China. *Journal of Economic Behaviour*.



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THE 3 Ps IN A CoBS POD

 **PERCEIVE**
with a set of key takeaways

 **PROJECT**
with food for thought: on yourself, your organisation and the wider context

 **PERFORM**
by putting it all into practice using action tips





● PERCEIVE with a set of key takeaways

- Japanese firms contribute largely to the Chinese economy and Japanese firms in China represent a blend of Japanese management styles and Chinese work culture.
- The "Golden Mean" style of ethical climate is derived from a concept of moderation in traditional Chinese philosophy, which has been incorporated into Japanese management practices. It combines a focus on balancing friendship and self-interest, team interest and profit.
- The "social responsibility" style of organizational ethical climate can help Japanese firms enhance their corporate image while encouraging normative commitment among employees by instilling in them a sense of fairness.
- The "friendship-efficiency" style: Japanese firms in China tend to act like multinational corporations in terms of their focus on international operations and increased efficiency through localization. But Japanese leaders place great importance on the individual needs of their employees and positively impacting the organizational ethical climate.
- For investors: Understanding and respecting Chinese cultural and ethical norms is crucial. It is also necessary to ensure a balanced approach to management, focusing on employee satisfaction, fairness, and team spirit.
- Headquarters dependence on expatriate leadership affects local employee trust and motivation which causes foreign subsidiaries to lose their ethical foundation.
- The development of ethical climates depends equally on managers who make daily choices about promotions and training and authority delegation as it does on established compliance systems and conduct codes.
- Leadership models which succeed in domestic markets lose their effectiveness when implemented overseas because organizations need to modify their decision-making authority and command structures based on regional business practices.



Read the full research
insight in Global Voice
magazine #30



PERFORM

by putting it all into practice

CHECKLIST

USE DIRECT, OPERATIONAL ACTIONS TO REDUCE THE RISK OF FAILED COACHING AND INCREASE IMPACT:

- Diagnose the ethical climate in each subsidiary**
 - Map whether day-to-day behaviour is driven primarily by regulation-oriented controls, caring norms, or a hybrid climate.
 - Interview local managers and employees to test whether official values match lived experience.
 - Compare grievance cases and ethics hotline data across countries to detect climate differences.

- Localise people-management systems**
 - Review promotion and succession processes to identify reliance on expatriates in senior roles.
 - Set clear development pathways for high-potential local employees.
 - Track localisation rates in leadership pipelines.

- Adapt leadership authority and decision rights**
 - Clarify where headquarters policies can be flexibly adapted to local market realities.
 - Delegate selected hiring, budgeting, and operational decisions to country teams.
 - Evaluate expatriate leaders on how effectively they empower local managers.

- Build a caring ethical climate**
 - Expand wellbeing initiatives that go beyond compliance to community building and interpersonal trust.
 - Encourage leaders to demonstrate concern for individual employee needs in daily management practices.
 - Recognise behaviours that reinforce collective responsibility and fairness.

- Design culturally balanced codes of ethics**
 - Rewrite codes of conduct so they combine universal principles such as integrity and respect with locally meaningful examples.
 - Involve host-country managers and staff in drafting and updating ethical guidelines.
 - Test new codes through workshops rather than only written communication.

- Strengthen cross-cultural capability**
 - Provide mandatory cultural training for expatriates before assignment.
 - Use mentoring pairs between expatriates and local successors.
 - Capture lessons from successful subsidiaries and replicate them elsewhere.

- Monitor outcomes systematically**
 - Track turnover and engagement levels among local versus expatriate staff.
 - Review promotion rates and time-to-advancement by nationality.
 - Include ethical-climate indicators in leadership performance reviews.



Getting involved


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